

Fiscal Impact Analysis
Land Acquisition Alternatives for
Texas Neches River
National Wildlife Refuge
Final Report



**U.S. Fish & Wildlife Service
Region 2**

Denver, CO
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information of the company to whom it is addressed.

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1. INTRODUCTION

The purpose of this Final Report is to summarize the potential fiscal impacts associated with the land acquisition alternatives proposed by the U.S. Fish & Wildlife Service (FWS) for the Neches River National Wildlife Refuge (NWR) in Texas. The FWS has identified target areas for acquisition that would be acquired from willing sellers as funding becomes available. The lands targeted for acquisition would provide wildlife habitat, watershed storage areas, and recreational land. If the land acquisition proposal is granted, the FWS would have the ability to acquire interests in lands that are identified within the specific acquisition boundary. FWS has identified three land acquisition alternatives, including the “No Action” alternative (Alternative A) as summarized in Table 1-1.

Table 1-1			
Land Acquisition Acreage by Alternative by Acres			
County	Alternative		
	A	B	C
Anderson County	0	14,751	9,151*
Cherokee County	0	9,805	7,744
Total	0	24,556	16,895

*GIS acreage for property R20647 was used rather than the Anderson County property tax records acreage.

The focus of this report is the evaluation of the fiscal impacts to local government jurisdictions that may occur if the FWS acquires all land within the identified acquisition boundaries. The methodology and results are discussed below.

2. FISCAL IMPACTS

Fiscal impacts to local government jurisdictions will occur if the FWS acquires land within the study area that is currently owned by private parties. Impacts arise to local taxing entities since the federal government would not pay property taxes on acquired acreage; therefore, the property taxes that are currently paid by private landowners would no longer accrue to the affected local government jurisdictions. To gain an understanding of how local government entities may be impacted, Booz Allen developed a model to evaluate changes in tax revenues if lands were acquired by FWS for the Neches River NWR. The model is based on the following assumptions:

- Changes in tax revenues are estimated only for acquisition of acreage in fee simple title under each alternative.
- Only taxing jurisdictions within Anderson and Cherokee counties would be impacted by the acquisition actions of the FWS.
- Acquisition would occur entirely at the beginning of the study period.

- Lands to be acquired are assumed to be generally agricultural in use and are applicable to the agricultural appraisal rates.

Tax assessor records were researched to determine what tax entities were applicable to each property being reviewed in this study. Table 2-1 shows the tax districts and the total tax revenue that each tax district levied for both Anderson and Cherokee counties in 2004.

Table 2-1	
2004 Tax Revenues for Jurisdiction in Acquisition Areas	
Tax District By County**	Total 2004 District Tax Revenue**
Anderson	
Anderson Co. General Fund	\$8,248,564
Farm Market/Flood Control	\$416,027
Neches ISD*	\$906,452
Palestine ISD*	\$11,398,933
Slocum ISD*	\$878,031
TVCC - Palestine	\$409,052
Total:	\$22,257,060
Cherokee	
Cherokee County	\$2,140,394
Jacksonville ISD*	\$10,480,957
Lateral Road Fund	\$6,678,700
Rusk ISD*	\$4,021,025
Total:	\$23,321,076
Combined County Total:	\$45,578,136
* ISD – Independent School District	
** Anderson and Cherokee County Tax Assessor's Office, 2004	

The following steps describe the approach used to evaluate fiscal impacts.

2.1. STEP 1: DETERMINE PROPERTIES FOR SCENARIO B AND C

The first step in implementing the model was to determine what properties will be acquired under each alternative. The FWS provided a detailed listing of each property to be acquired in Scenario B and GIS mapping for what properties were part of Scenarios B and C. This information was converted to an Excel format to be used as the basis for the model. However, the GIS data on acreage was found to vary from the property tax records. Since the property values were based on the acreage from the county tax assessors office, the tax assessor data was utilized for assessed value calculations performed in this study¹.

¹ The property tax assessor data for property R20647 overestimated the amount of acreage contained within Alternative C's boundary area. The analysis utilized the GIS acreage for this one property instead. The property agricultural category was assumed to be Pine Class III.

2.2. STEP 2: ESTIMATE ASSESSED VALUES OF ACQUISITION ACREAGE

Agricultural lands in Texas are appraised differently than other land uses. An agricultural appraisal considers the capacity of the land to produce crops, livestock, qualified wildlife, or timber instead of its value on the real estate market.² Land must be principally devoted to agricultural use for five of the last seven years to qualify for this assessment. An agricultural appraisal is based on an estimate of the typical annual income during the five-year period proceeding the year before appraisal.

This appraisal is calculated based on the area of the parcel and the agricultural use. Parcel acreage relative to the acquisition areas was provided for Anderson and Cherokee counties by the FWS. The “use value” or “productivity values” for each property was determined from the respective county Appraiser’s office property records and from the txcountydata.com website. The parcel acreage, when multiplied by the productivity values, gives the appraised value for each property as follows:

$$\text{Productivity Value} * \text{Acreage} = \text{Appraised Value}$$

The data on agricultural productivity values, as well as information from the county appraisal districts, was used to estimate an annual average value per acre for each of the land classifications. The data used in this study is based on 2004 rates. A summary of these estimates for each county is provided in Tables 2-2 and 2-3.

² Texas Comptroller of Public Accounts, “Texas Property Taxes,” January, 2003, Austin, Texas.

Table 2-2	
Anderson County Land Assessments	
Category	Value Per Acre
Dry Crop Land	\$100.00
Homesite	Market Value*
Unimproved Acreage	Market Value*
Improved Acreage	Market Value*
Row	\$0.00
Hay Production	\$100.00
Improved Pasture	\$100.00
Unimproved Pasture	\$60.00
Restricted Aesthetic Management Zone Pine Class III	\$75.00
Restricted Aesthetic Management Zone Hardwood Class III	\$25.00
Restricted Streamside Management Zone Pine Class III	\$75.00
Restricted Streamside Management Zone Mixed Class III	\$70.00
Restricted Streamside Management Zone Hardwood Class III	\$25.00
Restricted Pine Class I	\$235.00
Restricted Pine Class III	\$75.00
Restricted Hardwood Class III	\$25.00
Pine Class III	\$150.00
Mixed Class III	\$140.00
Hardwood Class III	\$50.00
*Actual Value of Property	
Source: Anderson County Appraisal District, 2004.	

Table 2-3	
Cherokee County Land Assessments	
Category	Value Per Acre*
Aesthetic Management Zone Pine Soil Type 1	\$237.00
Hardwood Timber Soil Type 1	\$150.00
Hardwood Timber Soil Type 3	\$49.00
Mixed Timber Soil Type 1	\$386.00
Mixed Timber Soil Type 2	\$359.00
Mixed Timber Soil Type 3	\$139.00
Pine Timber Soil Type 1	\$474.00
Pine Timber Soil Type 2	\$309.00
Pine Timber Soil Type 3	\$147.00
Stream Side Management Zone Hardwood Soil Type 1	\$75.00
Stream Side Management Zone Hardwood Soil Type 3	\$24.50
Stream Side Management Zone Mixed Timber Soil Type 3	\$69.50
Stream Side Management Zone Pine Soil Type 1	\$237.00
Replant 2000 Pine Soil Type 1	\$237.00
Replant 2002 Pine Soil Type 3	\$73.50
Replant 2003 Hardwood Soil Type 3	\$24.50
*Source: Cherokee County Appraisal District, 2004.	

The total acreage for each county for each alternative by land use category is provided in Appendix A.

2.3. STEP 3: ESTIMATE TAX REVENUE BY DISTRICT

The applicable tax rates for each impacted district were obtained from the counties as summarized in Tables 2-4 and 2-5.

Table 2-4		
Anderson County Applicable Property Tax Rates by District		
Code	Tax District	Tax Rate Per \$100/Value*
G01	Anderson Co. General Fund	0.44432
RD1	Farm Market/Flood Control	0.02254
S05	Neches ISD	1.50000
S06	Palestine ISD	1.62040
S07	Slocum ISD	1.28720
JC6	TVCC - Palestine	0.06150
*Source: Anderson County Appraisal District, 2004.		

Table 2-5		
Cherokee County Applicable Property Tax Rates by District		
Code	Tax District	Tax Rate Per \$100/Value*
37	Cherokee County	0.4525
46	Jacksonville ISD*	1.5450
37	Lateral Road Fund	0.1450
15	Rusk ISD*	1.5425
*Source: Cherokee County Appraisal District, 2004.		

These tax rates were then applied to the total assessed value of lands per district to estimate total property tax revenues generated in the acquisition areas under current conditions. The equation to calculate tax is as follows:

$$\text{Tax Rate} * \text{Total Assessed Value Per Acre} * \text{Acreage} = \text{Tax District Revenue}$$

The model was then used to calculate the potential decrease in tax revenues that would occur if the FWS were to acquire all lands in fee simple title for each acquisition alternative. The total revenue loss that would result from this acquisition is shown in Table 2-6 for all three alternatives.

Table 2-6			
Total Estimated Property Taxes on Lands in Acquisition Areas Alternative			
County	Alternative		
	A	B	C
Anderson	\$0	\$47,624	\$36,227
Cherokee	\$0	\$41,118	\$33,750
Total	\$0	\$88,742	\$69,977

Tables 2-7 and 2-8 break out the revenue loss by tax district for Anderson and Cherokee counties for Alternative B and C. The potential loss of revenue is fairly evenly distributed between Anderson and Cherokee counties for both scenario B and C, with a difference of approximately 15 and 7 percent respectively for the total revenue reduction.

Table 2-7		
Anderson County Revenue Reduction		
Tax District	Alternative B	Alternative C
Anderson Co. General Fund	\$11,178	\$8,338
Farm Market/Flood Control	\$731	\$423
Neches ISD	\$8,750	\$8,750
Palestine ISD	\$8,609	\$8,515
Slocum ISD	\$18,036	\$9,884
TVCC - Palestine	\$321	\$318
Total:	\$47,624	\$36,227

As shown in Table 2-8, Cherokee County has a smaller revenue loss than Anderson County under both alternatives. This is because less acreage and fewer high tax rate properties would be acquired in Cherokee County.

Table 2-8		
Cherokee County Revenue Reduction		
Tax District	Alternative B	Alternative C
Cherokee County	\$8,831	\$7,243
Jacksonville ISD*	\$10,153	\$7,924
Lateral Road Fund	\$2,830	\$2,321
Rusk ISD*	\$19,304	\$16,262
Total:	\$41,118	\$33,750

The total reduction in revenue for each county for each alternative by land use category is provided in Appendix A.

3. IMPACTS OF LAND ACQUISITION ON GOVERNMENT ENTITIES

The impacts of the proposed alternatives for the Neches River FWS land acquisition were reviewed on two different levels. The first was to determine the impacts to the Federal Government. The second was to determine how local government entities would be affected.

3.1. FEDERAL GOVERNMENT IMPACTS

The major federal government fiscal impact will be the acquisition costs to acquire the properties. For Alternative B, the total market value of the properties is \$10,913,760 for Anderson County and \$6,589,810 for Cherokee County as based on tax records. For Alternative C, the total market value of the properties is \$9,450,190 for Anderson County and \$5,084,280 for Cherokee County. Management funds for Neches River NWR may also increase to cover additional labor hours and equipment needed for the newly acquired lands.

3.2. LOCAL GOVERNMENT IMPACTS

Local government entities may be negatively impacted with a loss in tax revenues if FWS acquires lands within the acquisition boundaries for the Neches NWR. The analysis described the potential tax revenue losses for each jurisdiction for the acquisition alternatives and is summarized in tables 3-1 and 3-2. The results indicate that only one district of the ten reviewed would incur a loss greater than one percent of their current annual tax revenue. Slocum ISD would incur a revenue loss of 2.05 percent for Alternative B and 1.13 percent for Alternative C. However, this analysis does not consider annual revenue sharing payments that would be distributed to the counties from FWS if acquisition were to occur. Thus the net loss in tax revenues to the counties may be less than the losses described here.

Table 3-1 Potential Tax Revenue Reduction for Acquisition Alternatives for the Neches NWR – Anderson County Texas					
Tax District	Annual Revenue*	Alternative B		Alternative C	
		Reduction	% Change	Reduction	% Change
Anderson Co. General Fund	\$8,248,564	\$11,178	-0.14%	\$8,338	-0.10%
Farm Market/Flood Control	\$416,027	\$731	-0.18%	\$423	-0.10%
Neches ISD	\$906,452	\$8,750	-0.97%	\$8,750	-0.97%
Palestine ISD	\$11,398,933	\$8,609	-0.08%	\$8,515	-0.07%
Slocum ISD	\$878,031	\$18,036	-2.05%	\$9,884	-1.13%
TVCC - Palestine	\$409,052	\$321	-0.08%	\$318	-0.08%
*Source: Anderson County Appraisal District, 2004.					

Table 3-2 Potential Tax Revenue Reduction for Acquisition Alternatives for the Neches NWR – Cherokee County Texas					
Tax District	Annual Revenue*	Alternative B		Alternative C	
		Reduction	% Change	Reduction	% Change
Cherokee County	\$2,140,394	\$8,831	-0.41%	\$7,243	-0.34%
Jacksonville ISD*	\$10,480,957	\$10,153	-0.10%	\$7,924	-0.08%
Lateral Road Fund	\$6,678,700	\$2,830	-0.04%	\$2,321	-0.03%
Rusk ISD*	\$4,021,025	\$19,304	-0.48%	\$16,262	-0.40%
*Source: Cherokee County Appraisal District, 2004.					

3.3. CONCLUSIONS

As part of their efforts to establish the Neches NWR, the FWS would acquire up to 24,556 acres from private land owners in Anderson and Cherokee counties in Texas. This action has the potential to negatively impact local taxing districts that rely on property taxes as a source of revenue. A fiscal impact analysis of the two acquisition alternatives indicates that only one taxing district would incur a decrease in tax revenues greater than 1 percent of current annual revenue receipts under the two alternatives. In addition, it is likely that the net loss in tax revenue would be less than the loss estimated here because the analysis does not consider any potential revenue sharing funds that would occur if FWS were to establish the refuge.

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5. APPENDIX A

The tables included in this appendix provide detailed information that was used to estimate tax implications of land acquisition Alternatives B, and C. Tables A-1 and A-2 provide a breakdown of the acreage and revenue loss by land use type for each alternative for Anderson County. Tables A-3 and A-4 provide a breakdown of the acreage and revenue loss by land use type for each alternative for Cherokee County. This property tax revenue would be lost with a change from private to FWS land ownership.

Table A-1		
Total Anderson County Area of Each Land Use by Alternative (Acres)		
Land Use Type	Alternative B	Alternative C
Dry Crop Land	2	2
Homesite	10	10
Unimproved Acreage	1,043	1,036
Improved Acreage	5	5
Hay Production	5	5
Special TVCC Palestine Parcel	16	16
Improved Pasture	316	316
Unimproved Pasture	175	175
Restricted Aesthetic Management Zone Pine Class III	54	34
Restricted Aesthetic Management Zone Hardwood Class III	71	0
Restricted Streamside Management Zone Pine Class III	890	389
Restricted Streamside Management Zone Mixed Class III	115	115
Restricted Streamside Management Zone Hardwood Class III	125	80
Restricted Pine Class I	7	7
Restricted Pine Class III	501	264
Restricted Hardwood Class III	15	15
Pine Class III	6,369	3,207
Mixed Class III	2,325	2,083
Hardwood Class III	2,707	1,392
Total	14,751	9,151

Table A-2		
Estimated Reduction In Tax Revenue for Anderson County by Land Use and Alternative		
Land Use Type	Alternative B	Alternative C
Dry Crop Land	\$3	\$3
Homesite	\$1,425	\$1,425
Unimproved Acreage	\$17,358	\$17,069
Improved Acreage	\$91	\$91
Hay Production	\$11	\$11
Special TVCC Palestine Parcel	\$240	\$240
Improved Pasture	\$619	\$619
Unimproved Pasture	\$202	\$202
Restricted Aesthetic Management Zone Pine Class III	\$71	\$44
Restricted Aesthetic Management Zone Hardwood Class III	\$31	\$0
Restricted Streamside Management Zone Pine Class III	\$1,170	\$512
Restricted Streamside Management Zone Mixed Class III	\$171	\$171
Restricted Streamside Management Zone Hardwood Class III	\$59	\$39
Restricted Pine Class I	\$33	\$33
Restricted Pine Class III	\$678	\$366
Restricted Hardwood Class III	\$8	\$8
Pine Class III	\$16,671	\$8,352
Mixed Class III	\$6,374	\$5,787
Hardwood Class III	\$2,408	\$1,255
Total	\$47,624	\$36,227

Table A-3 Total Cherokee County Acreage of Each Land Use by Alternative		
Land Use Type	Alternative B	Alternative C
Aesthetic Management Zone Pine Soil Type 1	50	50
Dirt Rural	20	20
Hardwood Timber Soil Type 1	1,012	795
Hardwood Timber Soil Type 3	1,515	1,346
Mixed Timber Soil Type 1	63	63
Mixed Timber Soil Type 2	30	30
Mixed Timber Soil Type 3	613	293
No Use	56	56
Pine Timber Soil Type 1	1,750	1,473
Pine Timber Soil Type 2	585	585
Pine Timber Soil Type 3	3,146	2,377
Replant 2000 Pine Soil Type 1	24	24
Replant 2002 Pine Soil Type 3	124	118
Replant 2003 Hardwood Soil Type 3	54	54
Stream Side Management Zone Hardwood Soil Type 1	48	6
Stream Side Management Zone Hardwood Soil Type 3	10	10
Stream Side Management Zone Mixed Timber Soil Type 3	0	0
Stream Side Management Zone Pine Soil Type 1	434	434
Stream Side Management Zone Pine Soil Type 3	270	9
Total	9,805	7,744

Table A-4 Estimated Reduction In Tax Revenue for Cherokee County by Land Use and Alternative		
Land Use Type	Alternative B	Alternative C
Aesthetic Management Zone Pine Soil Type 1	\$243	\$243
Dirt Rural	\$0	\$0
Hardwood Timber Soil Type 1	\$3,140	\$2,457
Hardwood Timber Soil Type 3	\$1,534	\$1,361
Mixed Timber Soil Type 1	\$504	\$504
Mixed Timber Soil Type 2	\$167	\$167
Mixed Timber Soil Type 3	\$1,785	\$856
No Use	\$0	\$0
Pine Timber Soil Type 1	\$17,605	\$14,827
Pine Timber Soil Type 2	\$3,369	\$3,369
Pine Timber Soil Type 3	\$9,651	\$7,328
Replant 2000 Pine Soil Type 1	\$130	\$130
Replant 2002 Pine Soil Type 3	\$290	\$276
Replant 2003 Hardwood Soil Type 3	\$34	\$34
Stream Side Management Zone Hardwood Soil Type 1	\$77	\$10
Stream Side Management Zone Hardwood Soil Type 3	\$5	\$5
Stream Side Management Zone Mixed Timber Soil Type 3	\$0	\$0
Stream Side Management Zone Pine Soil Type 1	\$2,168	\$2,168
Stream Side Management Zone Pine Soil Type 3	\$413	\$14
Total	\$41,116	\$33,749